ICE Futures Europe Position Management Controls

MIC: IFEU (including IFLX)
Competent authority: **Financial Conduct Authority**

1. **Powers that the trading venue has to monitor the open interest positions of persons.**

   Under the UK's Financial Services and Markets Act 2000 (FSMA), ICE Futures Europe ('IFEU' or 'the Exchange') is a Recognised Body which is required to fulfil certain recognition requirements. These requirements are, in turn, enforced on the Exchange's Members by the Section A.2.1(a) of its Rulebook:

   'The Regulations shall at all times be observed, interpreted and given effect in the manner most conducive to the promotion and maintenance of...recognition of the Exchange as a recognised investment exchange under the Financial Services and Markets Act 2000").'

   IFEU Rule C.12.1 empowers the Exchange to require detailed position information from Members:

   '*Routine inspections and enquiries may be authorised by the compliance officer... Members (and other persons subject to the Regulations) shall co-operate fully with all routine inspections and enquiries.'*

2. **Powers the trading venue has to access information, including all relevant documentation, from persons about the size and purpose of a position or exposure entered into, information about beneficial or underlying owners, any concert arrangements and any related assets or liabilities in the underlying market.**

   Pursuant to the Section P.2 of the Rulebook, each Member of the Exchange that owns, controls, or carries for another person a position in any Exchange contract, shall submit to the Exchange a daily report containing open positions, numbers of accounts in which positions are held and the identification of those accounts. IFEU defines the levels from which positions must be reported through guidance which forms an integral part of the Rulebook and is published on the Exchange's website. Currently, the reportable threshold is 1 lot for all IFEU Futures and Options Contracts.

   Furthermore, pursuant to the Section P.10 of its Rulebook*:*

   'The Exchange shall have the authority to obtain from any Member information with respect to any positions of such Member or any customer of such Member. This authority shall include the authority to obtain information concerning positions maintained in omnibus accounts and positions held at other firms, and it shall be the obligation of a Member receiving such an inquiry to obtain such information from its customer. In the event a Member fails to provide the requested information the Exchange, in addition to any other remedy provided in these Rules, may order that the Member liquidate the positions which are related to the inquiry.'

3. Powers the trading venue has to require reduction or termination of positions, on a temporary or permanent basis, as the specific case may require and to unilaterally take appropriate action to ensure the termination or reduction if the person does not comply.

Rule G.20 of the IFEU Rulebook forbids Members from engaging in disorderly trading of any kind. In conjunction with the other rules, the Exchange has the discretion to construe any position as actually or potentially disorderly. This applies regardless of position size. If the Exchange, further to an inquiry, considers even a modestly-sized position to be under ineffective management, it can require the position to be reduced.

In the event that the Exchange has required that a position be reduced but the trader has not done so, then the Exchange can convene a Trade Emergency Panel under the Rule I.15 which has the power to order a reduction.

4. Powers the trading venue has to require a person to provide liquidity into the market at an agreed price and volume on a temporary basis with the express intent of mitigating the effects of a large or dominant position, where appropriate.

Pursuant to the Section P.9 of its Rulebook, the Exchange may also instruct each Member to reduce the positions in such accounts twenty-four hours after receipt of the notice, proportionately or otherwise so that the aggregate positions of such accounts at all such Members does not exceed the limits established by the Exchange.

In addition, where in the opinion of the Exchange an excessive position, capable of affecting the market is developing, or has developed, the Exchange may take any steps as it deems necessary to provide for, correct or check the further increase of such position and may give directions to Members accordingly. Such steps may (without prejudice to the generality of this Rule), if the Exchange thinks fit, extend to trading which occurred before or on the date that such step is instigated.

5. Any other powers the trading venue has in relation to position management, if applicable

IFEU currently operates a comprehensive position management regime in order to satisfy its recognition requirements under FSMA (see point 1) as well as the CFTC requirements with regards to the so-called Linked Contracts.

Pursuant to the Section P.0A of its Rulebook, the Exchange may promulgate limits and associated arrangements in relation to open positions that may be owned, controlled or carried by a Member or Person for his own account or for another Person.

6. How position management controls apply to persons and take account of the nature and composition of market participants and the use they make of the contracts submitted to trading.

The Exchange operates its position management regime based on the CFTC categorisation of persons as either commercial or financial traders thereby allowing the Exchange to allowing the Exchange to determine whether a position held by a trader is likely to be held for hedging (risk management) purposes. Pursuant to the Section P.5 of the Rulebook, risk management positions are defined as futures and options positions which are held by or on behalf of a commercial entity or an affiliate of a commercial entity, which typically buys, sells or holds positions in the underlying physical or forward market, a related cash market, or a related over-the-counter market and for which the underlying market has a high degree of demonstrated liquidity relative to the size of the positions and where there exist opportunities for arbitrage which provide a close linkage between the futures or options market and the underlying market in question.

In addition, according to the Section P.6, the Exchange may grant exemptions from its position, expiry and delivery limits for arbitrage, intra-commodity spread, inter-commodity spread, and eligible option/option or option/futures spread positions.